

ABSTRACT

ANALYSIS OF INFLUENCE ON GOVERNMENT EXPENDITURE TO ECONOMIC GROWTH BEFORE AND AFTER THE ECONOMIC CRISIS 1983 – 2012

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The purpose of this study was to analyze the effect of Routine Expenditure and Development Expenditure on Economic Growth in Indonesia in the period before and after the economic crisis in 1983-2012.

Based on the results of this study concluded that the development expenditure before the crisis showed the results to improve the economy of 3:31%. However, different results are shown in the period after the crisis showed that the negative effect of -4.79%. Variable development expenditures negatively affect economic growth after the crisis (1999 - 2012) is a development policy that the budget allocated for development expenditure is not in accordance with the needs and existing conditions, so that the impact of the development expenditure budget is still relatively little to economic growth.

Effect of routine expenditure on economic growth during the pre-crisis period (1983 - 1996) and after the crisis (1999 - 2012) shows a positive and significant results. This suggests that the budget allocation for recurrent expenditures are budgeted annually have been able to be used effectively and efficiently in the operational time, so the trend of rising recurrent expenditures annually have been able to drive the wheels of the economy plays a role.

Keywords: Routine Expenditure, Development Expenditure, Economic Growth